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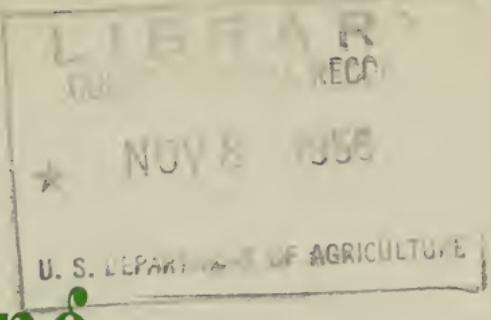


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Farm

Housing

Loans



U. S. DEPARTMENT OF AGRICULTURE

Farmers Home Administration

PA 183

Rev.

Farm Housing Loans

The Farmers Home Administration, under provisions in title V of the Farm Housing Act of 1949, as amended, makes farm housing loans to eligible farmers.

Loans for periods up to 33 years at 4 percent interest are made to farm owners who are otherwise unable to finance needed housing and other building improvements for themselves and their tenants.

Questions and answers explaining details of these loans follow:

What is the purpose of these loans?

To provide decent, safe, and sanitary farm dwellings and other essential farm buildings to farm owners who cannot obtain the credit they need from other sources.

How can a farm owner use his loan funds?

A farm housing loan may be used to construct, improve, alter, replace, or repair a house or other building essential to operating the farm. The loan may be used to provide water for farmstead and household use. Loan funds cannot be used to buy land or to refinance debts.

Who may borrow?

To be eligible, an applicant must:

- (1) Own a farm which (a) will produce a substantial part of the operator's annual cash income and (b) is large enough to be considered a farm;
- (2) Have sufficient farm and other income to pay farm operating and family living expenses, and meet payments on existing debts including the proposed farm housing loan;

- (3) Be without sufficient resources on his own account and unable to obtain credit needed to finance the construction, repair, or improvement of homes and other farm buildings;
- (4) Have the ability, and experience necessary to carry out planned farming operations and other housing loan requirements;
- (5) Be a citizen of the United States.

Tenants and farm laborers are not eligible for these loans but owners may borrow money to repair or build houses and other farm buildings for their tenants or laborers.

Who determines the eligibility of applicants?

The county committee of the Farmers Home Administration must certify in writing that an applicant is eligible for a loan. This committee consists of three local persons, at least two of whom are farmers, who know farming conditions in their county. This committee also certifies the normal market value of the farm after the contemplated improvements are made. When necessary the committee looks over the farm and personally interviews the applicant before making its recommendations.

What are the loan terms and interest rate?

The interest rate is 4 percent per year on the unpaid principal. Loans are scheduled for repayment within the shortest time consistent with the borrowers' ability to repay. In no case will the repayment period exceed 33 years. Each borrower is required to refinance the unpaid balance of the loan when able to obtain such refinancing at reasonable rates and terms from other lenders.

What security is required?

Each loan will be adequately secured by a mortgage on the farm, subject to any existing prior liens, and by such additional real estate security as the Farmers Home Administration deems necessary to reasonably protect the Government's interest.

Are there any limits on the kind of buildings that will be financed?

Farm housing loans are made to provide adequate dwellings and farm service buildings. Loans will not be made to provide buildings that are not needed on the farm or buildings that would cost considerably more than adequate buildings on other farms in the community.

Are applicants expected to furnish building plans?

Applicants are expected to furnish detailed building plans. The Farmers Home Administration has a limited number of plans available that applicants may use if they choose to do so.

Are plans and construction reviewed and inspected?

Yes. The Farmers Home Administration reviews the plans and inspects the construction as it progresses in order to assist the borrower in obtaining construction that meets the generally accepted standards of soundness.

When can construction be started?

After the loan is closed. Construction work should not be started and debts for such work or materials should not be incurred before the loan is closed.

Does it cost anything to apply for a loan?

No. However, an applicant must pay for legal services necessary to make certain that he has a satisfactory title to the farm and for recording the mortgage.

Where does an applicant apply for a loan?

Application for a farm housing loan is made at the county Farmers Home Administration office serving the area in which the applicant owns, and expects to improve, his farm.

If you are not able to locate the local office write to the Farmers Home Administration, U. S. Department of Agriculture, Washington 25, D. C.

Revised September 1956.